

1971 Plant and Equipment Programs Moderately Reduced From Earlier Plans

Business capital spending programs for 1971 have been revised moderately downward again. The expected rise from 1970 as reported in August is 2.2 percent, as against 2.7 percent expected in May and 4.3 percent in February. Spending rose at an annual rate of \$2.3 billion in the second quarter and expectations are for a \$0.8 billion rise this quarter with little further change in the fourth quarter.

BUSINESSMEN plan to spend \$81.4 billion¹ on new plant and equipment in 1971, according to the survey conducted in late July and August by the Office of Business Economics and the Securities and Exchange Commission. The projected 2.2 percent rise in 1971 compares with actual increases of 5.5 percent in 1970 and 11.5 percent in 1969. Virtually all of the reports for the survey were completed before the President's August 15 announcement of changes in economic policies.

Actual outlays in the second quarter of 1971 were at a seasonally adjusted annual rate of \$81.6 billion, up \$2.3 billion or 3 percent from the first quarter; the advance from the fourth quarter to the first was about 1 percent. Outlays in the third quarter are projected to rise \$0.8 billion to \$82.4 billion, but little change is projected for the final quarter of the year.

The latest findings show a projection for the year that is about \$400 million lower than the projection reported in the May survey and about \$1.7 billion lower than that reported in February. The revision of expectations for the year 1971 centers in manufacturing,

where downward revisions have been widespread (see table 1). The sharpest cutbacks are by producers of aircraft, stone, clay, and glass, and paper. In nonmanufacturing, downward revisions were reported for the communications, railroad, and "other transportation" industries but these were offset by upward revisions for mining, electric utilities, and "commercial and other" categories.

Table 1.—Plant and Equipment Expenditures, Annual Percent Change 1970-71

	Actual 1970	Expected 1971 as reported in		
		February	May	August
All industries	5.5	4.3	2.7	2.2
Manufacturing industries.....	.8	-.3	-4.2	-5.8
Durable goods	-1.0	-2.5	-7.1	-9.4
Primary metals.....	.3	-10.5	-8.1	-11.0
Blast furnace, steel works.....	-8.6	-12.8	-12.5	-17.4
Nonferrous.....	12.3	-12.6	-8.2	-6.3
Electrical machinery.....	11.6	1.2	-5.9	-7.1
Machinery except electrical.....	1.0	-1.0	-10.7	-16.9
Transportation equipment.....	-12.2	-3.8	-10.0	-12.6
Motor vehicles.....	-3.5	-.4	-4.1	-7.8
Aircraft.....	-34.8	-5.9	-23.1	-29.1
Stone, clay and glass.....	-7.6	4.7	-5.2	-12.1
Other durables ¹	-.8	-.2	-2.0	1.1
Nondurable goods	2.8	1.9	-1.4	-2.1
Food including beverage.....	9.6	4.0	-6.5	-6.2
Textile.....	-11.3	-4.8	-2.7	3.8
Paper.....	4.4	-14.7	-16.1	-20.4
Chemical.....	11.0	5.3	-2.1	-.5
Petroleum.....	-.2	5.9	7.0	6.7
Rubber.....	-13.7	-16.5	-19.4	-15.3
Other nondurables ¹	-.6	9.1	9.5	2.7
Nonmanufacturing industries	8.8	7.4	7.3	7.5
Mining.....	1.4	.5	5.2	10.0
Railroad.....	-4.6	2.6	-2.6	-7.7
Air transportation.....	20.7	-22.4	-40.0	-39.2
Other transportation.....	-27.2	13.4	18.3	7.6
Public utilities.....	13.2	17.5	16.5	18.1
Electric.....	19.1	22.4	21.0	23.1
Gas and other.....	-6.6	-3.5	-2.6	-3.4
Communication.....	21.6	10.3	11.2	8.8
Commercial and other.....	3.4	3.8	6.8	8.1

1. The expectations figures have been adjusted for systematic biases in survey responses (footnote 2, table 4). Before adjustment, 1971 expenditures were expected to be \$81.3 billion for all industries, \$30.7 billion for manufacturing and \$50.6 billion for nonmanufacturing. The adjustments were applied separately to each major industry; their net effect was to decrease the manufacturing total by \$0.6 billion and to raise the nonmanufacturing total by \$0.8 billion.

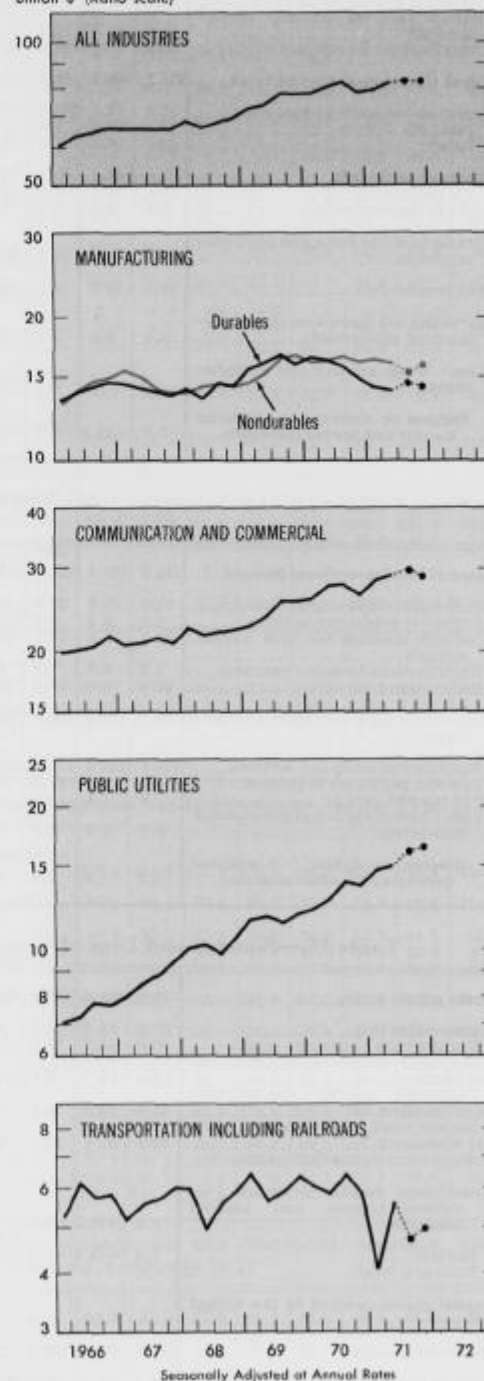
1. Includes industries not shown separately.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

CHART 7

Plant and Equipment Expenditures

Billion \$ (Ratio scale)



• Expectations

Data: OBE-SEC

U.S. Department of Commerce, Office of Business Economics

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Annual investment programs

Nonmanufacturing industries project an aggregate 7½ percent increase in spending from 1970 to 1971, while a decline of 6 percent is expected by manufacturers. The strongest non-manufacturing increases are 23 percent for electric utility firms and 10 percent for mining companies. Communication companies expect an increase of 9 percent and both the "commercial and other" group and transportation firms other than rail and air carriers expect to raise capital spending about 8 percent. In the latter group, pipeline companies are projecting very sharp increases. Airlines and railroads expect decreases of 39 percent and 8 percent, respectively, while gas utilities are projecting a 3 percent decline.

Manufacturers of durable goods expect a 9 percent decline in capital outlays this year and nondurable goods producers a 2 percent decline. Producers of iron and steel, aircraft, non-electrical machinery, paper products, and rubber products project declines

ranging between 15 percent and 30 percent. Smaller declines are projected by the nonferrous metal, motor vehicle, electrical machinery, food-beverage, and stone, clay, and glass industries. Increases are expected by manufacturers of petroleum (7 percent), textiles (4 percent), and "other nondurable goods" (3 percent).

Investment determinants

In recent months, the factors believed to be influential determinants of near-term investment have continued to show the mixed pattern which characterized the first half of the year. The volume of economic activity, profits, and cash flow were improving, which should tend to support a rising rate of capital expenditures. In addition, interest rates were well below the mid-1970 levels. The major negative factor was the low rate of capacity utilization in manufacturing. The latest OBE-SEC survey found a further drop in the proportion of manufacturers' facilities considered inadequate to meet production requirements over the next

12 months (table 2) and significant declines in the value both of new manufacturing investment projects started and the carryover on projects underway (table 3). However, the recent introduction of liberalized depreciation procedures and implementation of the new economic policies announced by the President on August 15, particularly the proposed investment tax credit for capital equipment, should have a strengthening effect on capital expenditures during the next year.

Semiannual patterns

Capital spending in the first half of 1971 was up only fractionally from the second half of 1970 and up about 1½ percent from the first half of 1970. Almost all manufacturing industries reported smaller outlays in the first half of 1971 than in the second half of 1970. In nonmanufacturing, first half

Table 2.—Manufacturers' Evaluation of Their Capacity
(Percent distribution of gross capital assets)¹

	1968	1969				1970				1971	
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
More plant and equipment needed:											
All manufacturing	47	48	43	44	46	44	42	41	40	33	39
Durable goods ²	45	46	40	40	39	37	34	33	31	28	25
Primary metals	41	41	30	31	33	30	30	32	25	20	19
Metal fabricators ³	49	49	49	47	43	41	36	35	35	34	24
Nondurable goods ²	49	49	46	48	53	51	49	48	50	38	35
Food including beverage	54	46	43	44	47	46	44	44	40	35	35
Chemical	58	72	56	71	73	68	68	48	57	43	42
Petroleum	40	39	41	42	47	48	47	61	60	38	38
About adequate:											
All manufacturing	48	47	52	51	49	50	52	51	53	60	61
Durable goods ²	48	47	53	53	53	53	56	55	61	63	63
Primary metals	45	44	56	54	52	54	54	51	73	77	70
Metal fabricators ³	48	48	48	50	52	52	56	54	54	55	63
Nondurable goods ²	48	48	51	49	44	47	48	48	45	57	59
Food including beverage	41	49	53	53	49	51	53	51	52	52	53
Chemical	40	25	43	27	25	31	31	51	40	53	55
Petroleum	59	60	58	57	53	52	53	39	40	62	62
Existing plant and equipment exceeds needs:											
All manufacturing	5	5	5	5	5	6	6	8	7	7	9
Durable goods ²	7	7	7	7	8	10	10	12	8	9	12
Primary metals	14	15	14	15	15	16	16	17	2	3	11
Metal fabricators ³	3	3	3	3	5	7	8	11	11	11	13
Nondurable goods ²	3	3	3	3	3	2	3	4	5	5	6
Food including beverage	5	5	4	3	4	3	3	5	8	10	12
Chemical	2	3	1	2	1	1	1	1	3	4	3
Petroleum	1	1	1	1	0	0	0	0	0	0	0

1. According to respondent companies' characterizations of their plant and equipment facilities, taking into account their current and prospective sales for the next 12 months.

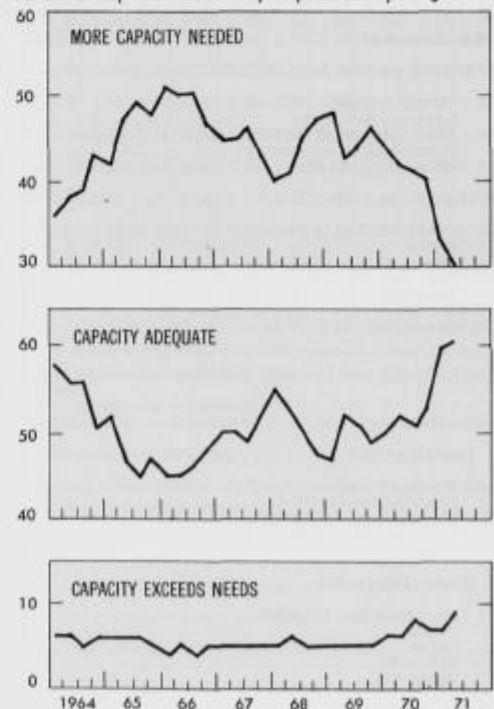
2. Includes industries not shown separately.

3. Includes machinery, transportation equipment, and fabricated metals industries.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

Manufacturers' Evaluation of Existing Capacity*

Percent of Capital Assets Held by Respondents Reporting —



*Relative to prospective operations during the ensuing 12-month period.

Data: OBE-SEC

U.S. Department of Commerce, Office of Business Economics

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outlays were buoyed by increases for electric utilities, communications, mining, commercial companies, and transportation firms other than rail and air. Airlines showed a sharp drop in capital spending in the first half of 1971.

Spending in the second half of 1971 is expected to be up about 2½ percent from the first half. Nonmanufacturing industries expect an increase of 4½ percent, with the largest advance (11 percent) scheduled by electric utilities. Spending by manufacturers is expected to drop 1 percent from the first half to the second, with durable goods producers planning a 2½ percent increase and nondurables firms expecting a 4 percent decline. In the durable goods category, increases are projected by the stone, clay, and glass, motor vehicle, electrical machinery, and "other durable goods" industries. In nondurables,

the decline in the second half is attributable to the food-beverage, paper, petroleum, rubber, and "other nondurables" industries.

Manufacturers' capacity evaluation

Manufacturers' evaluations of their capacity, taking into account prospective sales over the next 12 months, indicate a further sharp reduction between March 31 and June 30 in the need for more facilities. Companies owning 30 percent of total fixed assets in manufacturing reported that they need more facilities, as against 33 percent in March and 42 percent in June 1970 (table 2). A decline between March and June in the need for additional facilities was reported by all major manufacturing groups except the petroleum industry. The metal fabricator

group reported a particularly sharp decline.

Companies reporting capacity in excess of current and near-term needs accounted for 9 percent of total fixed assets at June 30, up 2 percentage points from March 31 and 3 percentage points from June 1970. Facilities viewed as "about adequate" as of June 30 represented 61 percent of manufacturers' fixed assets, up from 60 percent 3 months earlier and 52 percent 12 months earlier.

Starts and carryover

Investment projects started by manufacturers during the second quarter totaled \$6.5 billion, after seasonal adjustment, down 3 percent from the first quarter (table 3). Durable goods manufacturers reported a 13 percent

Table 3.—Starts and Carryover of Plant and Equipment Projects, Manufacturing and Public Utilities, 1968-71
(Billions of dollars)

	Starts ¹									Carryover ²					
	Annual			1970				1971		1970				1971	
	1968	1969	1970	I	II	III	IV	I	II	Mar.	June	Sept.	Dec.	Mar.	June
	1968	1969	1970	I	II	III	IV	I	II	Mar.	June	Sept.	Dec.	Mar.	June
Manufacturing ³	29.64	34.97	29.18	8.64	6.92	6.64	7.69	8.91	6.48	22.78	22.51	21.05	19.19	19.70	18.64
Durable goods ³	14.50	16.55	14.04	4.42	3.37	3.13	3.12	3.49	2.80	12.27	11.60	10.82	9.67	10.05	9.33
Primary metals.....	2.21	2.70	2.35	.65	.54	.53	.52	.70	.60	3.97	3.43	3.04	2.02	3.14	2.08
Electrical machinery.....	1.51	2.50	2.18	.42	.41	.36	.39	.63	.29	2.34	2.21	2.02	1.95	2.04	1.80
Machinery except electrical.....	2.70	3.60	3.29	.84	.80	.68	.61	.67	.64	1.17	1.10	.94	.87	.89	.79
Transportation equipment ⁴	2.90	2.66	2.04	.78	.56	.35	.34	.65	.32	2.78	2.56	2.43	2.21	2.39	2.31
Stone, clay, and glass.....	1.06	1.08	.82	.32	.13	.22	.16	.26	.17	.70	.60	.55	.46	.39	.46
Nondurable goods ³	15.05	17.22	15.14	4.21	3.64	3.41	3.07	3.43	3.68	11.46	10.95	10.34	9.51	9.60	9.31
Food including beverage.....	2.22	2.97	2.50	.60	.65	.60	.58	.60	.70	1.53	1.44	1.29	1.10	1.08	1.05
Textile.....	.50	.90	.49	.15	.15	.10	.05	.15	.20	.31	.31	.27	.21	.26	.31
Paper.....	1.42	1.80	1.54	.65	.39	.38	.46	.31	.37	1.28	1.10	.95	.87	.80	.75
Chemical.....	2.04	3.02	2.50	.60	.71	.60	.70	.87	.53	3.10	2.92	2.74	2.41	2.60	2.56
Petroleum.....	5.67	6.70	5.64	1.39	1.33	1.34	1.67	1.20	1.23	4.04	3.90	3.98	3.80	3.75	3.32
Public utilities.....	12.64	15.10	17.28	5.43	4.16	2.83	4.80	7.12	4.26	23.29	22.26	22.51	23.35	27.30	27.61
Adjusted for Seasonal Variation															
Manufacturing ³				8.55	6.76	7.26	6.32	8.71	6.53	24.17	22.32	22.84	21.22	20.32	19.33
Durable goods ³				4.33	3.28	3.52	2.91	3.35	2.91	12.90	12.21	11.80	10.08	10.78	10.17
Primary metals.....				.61	.60	1.04	.39	.72	.69	3.87	3.48	3.32	3.46	3.43	3.39
Electrical machinery.....				.78	.42	.40	.55	.48	.30	2.30	2.15	1.98	1.97	1.97	1.73
Machinery except electrical.....				.71	.10	.83	.81	.64	.64	1.00	1.06	1.00	1.65	1.47	1.38
Transportation equipment ⁴.....				.84	.45	.38	.36	.65	.28	2.81	2.82	2.38	2.23	2.35	2.19
Stone, clay, and glass.....				.32	.12	.22	.16	.23	.18	.70	.62	.60	.63	.64	.34
Nondurable goods ³				4.23	3.37	3.74	4.01	3.36	3.62	11.27	10.61	10.25	10.25	9.65	9.16
Food including beverage.....				.71	.60	.63	.60	.64	.63	1.01	1.50	1.44	1.33	1.18	1.10
Textile.....				.21	.14	.10	.07	.20	.18	.33	.33	.30	.23	.20	.22
Paper.....				.40	.20	.29	.64	.19	.15	1.20	1.05	.88	1.10	.92	.77
Chemical.....				.04	.65	.61	.85	.78	.73	3.13	2.81	2.70	2.73	2.65	2.53
Petroleum.....				1.42	1.28	1.51	1.42	1.26	1.30	3.00	3.85	3.93	3.90	3.90	3.48
Public utilities.....				5.35	4.84	2.85	4.91	8.30	4.45	21.12	22.77	22.96	24.45	25.89	26.61

1. Starts are estimated by adding changes in carryover to expenditures during the given period.

2. Carryover refers to expenditures yet to be incurred on plant and equipment projects already underway at end of period.

3. Includes data not shown separately.

4. Includes guided missiles and space vehicles.

NOTE: Details may not add to totals because of rounding.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

decline but nondurable goods producers showed an increase of 8 percent.

The value of new projects started by manufacturers was smaller than their capital expenditures in the second quarter, so that carryover—i.e., the amounts still to be spent on plant and equipment projects already underway—

declined; this was the fifth consecutive quarterly decline. Manufacturers' carryover of \$19.3 billion (seasonally adjusted) at June 30 was down \$1 billion from March 31 and \$3.5 billion from June 30, 1970. Declines in carryover were widespread among major industries.

New projects started by public utilities in the second quarter had a value of \$4.4 billion, down 13 percent from the record set in the first quarter. Carryover rose to \$26.6 billion at June 30, an increase of \$700 million from March 31 and of \$3.8 billion from June 30, 1970.

Table 4.—Expenditures for New Plant and Equipment by U.S. Business,¹ 1969-70

(Billions of dollars)

	Annual			Quarterly, unadjusted												Quarterly, seasonally adjusted annual rates											
	1969	1970	1971 ²	1969				1970				1971				1969				1970				1971			
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
All industries.....	75.86	79.71	81.44	76.68	79.81	79.25	81.68	77.47	80.33	79.26	81.06	77.48	80.69	80.88	82.41	72.62	73.81	77.84	77.84	78.22	80.22	81.88	78.63	79.33	81.61	82.38	82.48
Manufacturing industries.....	51.68	53.95	58.11	5.58	7.52	8.36	9.12	7.14	8.18	7.99	8.66	8.89	7.85	7.48	8.42	29.19	31.16	31.65	32.39	32.44	32.43	32.15	32.98	30.46	30.12	29.74	30.23
Durable goods.....	15.86	15.80	14.31	3.26	3.39	4.03	4.09	3.59	4.08	3.97	4.28	3.11	3.52	3.80	4.46	15.47	15.88	16.43	15.89	16.48	16.32	15.74	14.92	14.21	14.09	14.63	14.45
Primary metals ³	3.23	3.24	2.88	.71	.81	.61	.80	.78	.81	.85	.85	.72	.73	.80	3.37	3.31	3.30	3.09	3.26	3.18	3.23	3.31	3.08	2.91	2.63	2.77	
Black furnace, steel works.....	1.83	1.68	1.38	.41	.47	.45	.50	.38	.42	.47	.33	.33	.34	.38	1.98	1.91	1.80	1.70	1.72	1.73	1.67	1.50	1.50	1.39	1.32	1.34	
Nonferrous.....	1.19	1.24	1.18	.23	.27	.28	.32	.27	.28	.31	.38	.24	.28	.30	.32	1.04	1.12	1.11	1.13	1.26	1.12	1.21	1.35	1.06	1.22	1.16	
Electrical machinery.....	2.89	2.27	2.11	.39	.50	.49	.65	.48	.56	.55	.68	.41	.43	.50	.60	1.88	2.04	2.02	2.16	2.25	2.27	2.28	2.27	1.94	2.13	2.10	
Machinery, except electrical.....	3.44	3.47	2.88	.72	.84	.80	1.01	.82	.83	.84	.88	.68	.73	.72	.78	3.22	3.24	3.69	3.50	3.62	3.89	3.52	3.12	2.88	2.90	2.90	
Transportation equipment ⁴	2.78	2.43	2.12	.89	.69	.77	.71	.68	.68	.68	.55	.47	.48	.58	.69	2.78	2.73	3.00	2.60	2.74	2.71	2.20	2.04	2.16	1.97	2.10	
Motor vehicles.....	1.65	1.60	1.47	.34	.40	.46	.44	.38	.47	.41	.34	.33	.34	.48	.39	1.37	1.53	1.78	1.67	1.79	1.85	1.84	1.29	1.48	1.39	1.60	
Aircraft ⁵.....	.63	.64	.28	.19	.22	.23	.19	.14	.14	.12	.13	.00	.00	.10	.11	.68	.92	.92	.84	.67	.58	.48	.46	.44	.37	.37
Stone, clay and glass.....	1.47	.00	.87	.28	.28	.27	.30	.24	.27	.22	.26	.20	.19	.22	.26	1.03	1.11	1.14	1.01	1.08	1.05	.94	.92	.87	.72	.94	
Other durables ⁶	3.44	3.41	2.45	.71	.80	.84	1.02	.76	.87	.84	.84	.72	.86	.87	.90	3.24	3.40	3.50	3.52	3.45	3.46	3.50	3.27	3.20	3.42	3.60	3.48
Nondurable goods.....	15.72	14.15	16.98	2.22	3.94	4.12	4.53	1.86	4.87	4.12	4.48	3.53	4.03	3.46	4.44	14.62	15.18	16.82	16.88	16.84	16.11	16.48	16.05	16.25	16.06	15.21	15.74
Food including beverage.....	2.50	3.34	2.48	.54	.64	.68	.73	.67	.74	.72	.71	.62	.74	.67	.64	2.45	2.38	2.68	2.86	3.00	2.80	2.80	2.70	2.76	2.84	2.40	2.40
Textile.....	.68	.60	.68	.13	.18	.17	.18	.13	.13	.14	.14	.12	.16	.14	.16	.59	.63	.68	.61	.58	.57	.55	.63	.66	.60	.61	
Paper.....	1.58	1.65	1.22	.31	.40	.41	.46	.37	.43	.42	.43	.39	.40	.30	.32	1.42	1.58	1.62	1.70	1.71	1.68	1.68	1.59	1.54	1.18	1.10	
Chemical.....	3.10	3.44	3.42	.67	.76	.76	.91	.79	.89	.87	.92	.78	.88	.81	.84	3.00	2.96	3.19	3.22	3.32	3.44	3.07	2.97	3.43	3.40	3.40	
Petroleum.....	6.52	6.62	6.90	1.12	1.22	1.40	1.68	1.14	1.35	1.44	1.50	1.31	1.48	1.44	1.78	5.04	5.41	5.08	6.38	5.16	5.98	5.70	5.98	6.06	6.01	6.66	
Rubber.....	1.89	.84	.78	.24	.28	.28	.28	.24	.26	.23	.22	.19	.19	.21	.20	1.87	1.12	1.13	1.04	1.19	.96	.88	.88	.78	.72	.73	
Other nondurables ⁷	1.19	1.11	1.14	.21	.27	.32	.35	.26	.26	.29	.37	.26	.34	.37	.31	.94	1.11	1.24	1.09	1.18	1.09	1.10	1.16	1.26	1.19	1.40	
Nonmanufacturing industries.....	43.88	47.79	61.30	2.45	30.99	11.10	12.34	18.32	12.16	12.27	12.50	18.99	13.86	11.10	14.19	42.53	42.78	44.80	45.46	45.78	47.19	49.73	47.88	48.88	51.59	52.45	52.20
Mining.....	1.86	1.89	2.08	.42	.48	.47	.40	.45	.47	.40	.50	.49	.54	.52	.54	1.83	1.88	1.89	1.85	1.82	1.84	1.88	1.94	1.94	2.08	2.10	2.00
Railroad.....	1.80	1.78	1.04	.38	.44	.49	.55	.49	.47	.48	.63	.34	.47	.43	.40	1.68	1.70	2.06	2.04	1.74	1.88	1.60	1.50	1.46	1.89	1.78	
Air transportation.....	2.51	3.83	1.84	.68	.68	.63	.64	.72	.86	.74	.76	.34	.60	.37	.54	2.89	2.22	2.23	2.80	2.04	2.88	3.24	3.33	1.39	2.28	1.58	
Other transportation.....	1.68	1.23	1.32	.38	.46	.40	.44	.28	.31	.30	.36	.28	.36	.34	.34	1.67	1.66	1.64	1.68	1.37	1.12	1.22	1.23	1.33	1.40	1.82	
Public utilities.....	11.51	12.14	13.32	2.36	2.98	3.03	2.23	2.54	2.28	3.68	3.74	3.11	3.83	4.12	4.48	11.52	11.68	11.48	11.89	12.14	12.72	13.54	13.68	14.64	14.03	15.45	
Electric.....	8.04	10.65	13.12	1.88	2.22	2.23	2.81	2.18	2.80	2.70	3.12	2.70	3.20	3.28	3.83	8.62	8.71	8.98	9.30	9.77	10.18	11.34	11.20	12.18	12.61	14.80	
Gas and other.....	2.57	2.49	2.41	.58	.77	.80	.62	.36	.50	.98	.62	.41	.63	.73	.64	2.90	2.97	2.50	2.44	2.37	2.57	2.50	2.48	2.45	2.30	2.38	
Communication.....	8.30	10.10	10.00	1.81	2.06	2.11	2.39	2.14	3.89	2.56	2.81	2.66	2.81	2.81	2.81	7.74	7.02	8.71	8.70	9.14	10.38	10.63	10.20	10.70	11.21	20.80	
Commercial and other ⁸	16.85	16.80	17.94	3.41	3.97	4.07	4.60	3.78	4.98	4.16	4.43	3.94	4.44	4.44	4.44	15.00	15.67	16.78	16.67	16.52	16.09	17.00	15.07	17.38	17.72	20.80	

1. Excludes agricultural business; real estate operators; medical, legal, educational, and cultural services; and nonprofit organizations.

2. Estimates are based on expected capital expenditures reported by business in late July and August 1971. The estimates for the full year 1971 and for the third quarter and fourth quarter have been corrected for systematic biases. The adjustment procedures are described in the February 1970 issue of the SURVEY OF CURRENT BUSINESS. Before such adjustments, 1971 expenditures were expected to be \$61.26 billion for all industries, \$30.71 billion for manufacturing, and \$30.66 billion for nonmanufacturing.

3. Includes data not shown separately.

4. Includes guided missiles and space vehicles.

5. Includes fabricated metal, lumber, furniture, instruments, ordnance and miscellaneous except guided missiles and space vehicles.

6. Includes apparel, tobacco, leather and printing-publishing.

7. Includes trade, services construction, finance and insurance.

NOTE.—Details may not add to totals because of rounding.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.